

DD/s 56-395

## OGC HAS REVIEWED.

26 January 1956

MEMORANDUM FOR: Deputy Director (Support)

SUBJECT : Bonding of Agency Personnel

1. In August 1955 you designated a Committee to study the Agency's present bonding policy and procedures and to make recommendations as to action to be taken under Public Law 323, approved 9 August 1955, which required the head of each agency to bond personnel and pay the premiums for such bonds.

2. The Committee met several times and divided its considerations into two main areas:

(a) A review of the types and costs of bonds available to cover employees of the Agency who are presently furnishing bond, and

(b) A review of the types of positions within the Agency not presently covered for which it would appear that the protection of the Government's interest would require incumbents to be bonded.

3. Consultations with the Department of Treasury led to the development of a form of bond which met the security and other requirements of the Agency. This bond form was presented to four surety companies, and they were invited to submit bids. Because of the provision in paragraph 12 of our bond form that the surety, in investigating a claim, could not have access to information involving the security of the United States, one of the companies refused to bid. Of the three from whom bids were received, the Indemnity Insurance Company of North America, Philadelphia, Pennsylvania, submitted the low bid (one of the firms which had also bid on the Department of Treasury's bond). The cost of coverage for a two-year period, on the basis of the low bid, is \$3,462. Currently, we are paying \$3,312 for individual bonds for the same employees for one year, so acceptance of this bid would result in savings of approximately 50 per cent. The other bids received for the same coverage were \$5,716 and \$8,574, respectively.

4. We are advised by the General Counsel that in view of the fact that present Regulations specifically permit the Comptroller to approve bonds for Certifying Officers and Agent Cashiers, it is doubtful whether the authority to approve bonds for area Disbursing Officers and Deposit

Fund Cashiers would run to the Director of Logistics under his procurement authority. It is suggested, therefore, that you authorize the securing of the position schedule bond which covers all four categories and there would then be no question as to the propriety of the authorization.

5. It is recommended that the Comptroller secure a position schedule bond in the form attached from the Indemnity Insurance Company of North America for a two-year term with a premium of \$3,462, effective 1 February 1956.

6. The considerations in this paper have been limited to item (a) in paragraph 2 above - replacing with a more effective bond form and at a lower cost those bonds presently in effect on employees having disbursing and certifying functions. The Committee is continuing to explore the question of the propriety of bonding additional personnel in the Agency and will make recommendations to you at a later date. In the event additional coverage is required, this may be had by endorsement to the bond presently under consideration.

7. The above recommendation has the unanimous endorsement of the Committee, and, in addition, below are shown concurrences of the General Counsel and the Comptroller. Your approval of this recommendation is requested.

25X1A

  
Chairman

Attachment: Proposed Bond Form

CONCUR:

  
General Counsel

25X1A

25X1A

  
Comptroller

Authority is delegated to the Comptroller to approve amendments to this bond, and the recommendation in paragraph 5 is approved:

  
L. K. WHITE  
Deputy Director  
(Support)

SA-DD/S:RMS mwp

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